



United States Department of Agriculture  
Food and Nutrition Service

Southeast Region

Reply to  
Attn. of: SERO Policy

September 22, 2004

Subject: Policy Memorandum 226.14-03: Overpayments in the Child and Adult Care Food Program (CACFP)

To: All State Directors  
Child and Adult Care Food Program  
Southeast Region

The Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108-265) amended the Richard B. Russell National School Lunch Act (Act) to increase the disregard threshold for overpayments to child or adult care institutions participating in the CACFP if the total overpayment to the institution for the fiscal year does not exceed an amount that is consistent with the disregards allowed in other programs under the Act.

Beginning October 1, 2004, the law allows Federal and State administrators to disregard the collection of overclaims that have been identified through a management evaluation, a review, or an audit if the overpayment does not exceed the maximum overpayment disregard allowed in other programs under the Act, currently \$600.

This action raises the disregard ceiling and extends disregard authority to State agency reviews of institutions. In conducting management evaluations, reviews or audits for any fiscal year, the State agency, the Food and Nutrition Service, or Office of Inspector General may disregard any overpayment if the total overpayment does not exceed \$600 or, in the case of State agency claims in State administered Programs, it does not exceed the amount established under State law, regulations or procedure as a minimum amount for which claim will be made for State losses but not to exceed \$600. However, no overpayment is to be disregarded where there is substantial evidence of violations of criminal law or civil fraud statutes.

If you have any questions, please contact this office.

PEGGY FOUTS  
Regional Director  
Special Nutrition Programs

Ref: Issued by CND Reauthorization Implementation CACFP #4 09/17/04